

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
International Business Reply Service Competitive
Contract 3 (MC2011-21)
Negotiated Service Agreement

Docket No. CP2011-70

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF FILING A FUNCTIONALLY EQUIVALENT
INTERNATIONAL BUSINESS REPLY SERVICE COMPETITIVE CONTRACT 3
NEGOTIATED SERVICE AGREEMENT

(September 1, 2011)

The Public Representative hereby provides comments pursuant to Order No. 828.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service's notice of its entry into an additional International Business Reply Service (IBRS) contract.² The Postal Service states that the instant contract is with a business that is entering into its first IBRS contract. Notice at 2. Accordingly, the contract sets forth prices and classifications not of generally applicability for a business that "sell[s] lightweight articles to foreign consumers and desire[s] to offer [its] consumers a way to return those articles to the United States for recycling, refurbishment, repair, or other value-added processing." *Id.*, at 4. The contract will expire one year after its effective date, unless terminated earlier. *Id.*, at 3.

In Order No. 684, the Commission approved the addition of International Business Reply Service Competitive Contract 3 to the competitive product list, and included a contract within the IBRS Competitive Contract 3 product.³ That contract also

¹ PRC Order No. 828, Notice and Order Concerning Filing of An Additional International Business Reply Service Competitive Contract 3, Negotiated Service Agreement, August 25, 2011.

² Notice of the United States Postal Service of Filing a Functionally Equivalent International Business Reply Service Competitive Contract 3 Negotiated Service Agreement, August 19, 2011 (herein "Notice").

³ PRC Order No. 684, Order Approving International Business Reply Service Competitive Contract 3 Negotiated Service Agreement, Docket Nos. MC2011-21 and CP2011-59, February 28, 2011, at 6-7.

serves as the baseline agreement for purposes of considering the inclusion of additional IBRS contracts within the International Business Reply Service Competitive Contract 3 product.⁴ In Order No. 693, the Commission subsequently added another IBRS contract to the IBRS Competitive Contract 3 product.⁵

The Postal Service asserts that the instant contract complies with requirements of 39 U.S.C. § 3633, and is functionally equivalent to the IBRS 3 baseline contract approved in Order No. 684. Notice at 2-3. Accordingly, the Postal Service requests that the instant contract be included in the IBRS Competitive Contract 3 product. *Id.*, at 3.

COMMENTS

The Public Representative has reviewed instant contract and the supporting financial model filed under seal that accompanied the Postal Service's notice. Based upon that review, the Public Representative concludes that the instant contract is functionally equivalent to the IBRS 3 baseline contract. The terms of the instant contract are similar in almost all respects to the IBRS 3 baseline contract, with the exception of two minor differences. *Id.*, at 5. In addition, as discussed above, the instant IBRS contract permits the business entering into the contract to offer its foreign consumers a convenient method of returning articles sold to those customers. This suggests that the cost and market characteristics of the instant contract are similar to the IBRS baseline contract.

The Public Representative also concludes, based upon a review of the financial model, that the instant contract appears likely to satisfy the requirements of 39 U.S.C. § 3633. The financial model indicates that the negotiated rates set forth in the contract will generate a positive unit contribution and a reasonable cost coverage.

⁴ *Id.*

⁵ See PRC Order No. 693, Order Approving an Additional International Business Reply Service Competitive Contract 3 Negotiated Service Agreement, Docket No. CP2011-61, March 11, 2011.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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